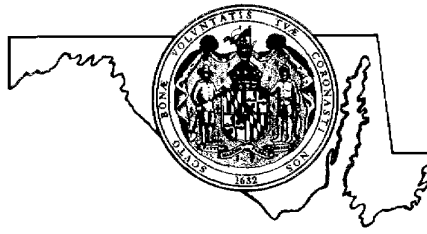


STATE OF MARYLAND

Craig P. Tanio, M.D.  
CHAIR



Ben Steffen  
EXECUTIVE DIRECTOR

**MARYLAND HEALTH CARE COMMISSION**

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215  
TELEPHONE: 410-764-3460 FAX: 410-358-1236

October 22, 2015

By E-Mail and U.S. Mail

John F. Morkan III, Esquire  
Ober, Kaler, Grimes & Shriver  
120 East Baltimore Street  
Baltimore, Maryland 21202

Re: October 21, 2015 Revised Revenue and Expense Projections  
Adventist HealthCare, Inc.  
Application for Certificate of Need  
Docket Number 13-15-2349

Dear Mr. Morkan:

Thank you for your response to my request for revised and updated financial projections revised to reflect HSCRC's action on Washington Adventist Hospital's partial rate application. I have several questions regarding the materials I have received.

1. What is included in the projections (current dollars and inflated) labeled *Option 4 – The Project*? Does it include both the proposed relocated hospital and special hospital – psychiatric, or just the relocated hospital?
2. Do the projections labeled *Option 4 – Takoma Park* (current and inflated) include just the proposed special hospital? If other services, which ones?
3. I have taken note of the recent loss by Maryland's Medicaid program of the waiver from the Institutions for Mental Diseases (IMD) exclusion, which has had a significant impact on Medicaid reimbursement of freestanding psychiatric hospitals larger than 16 beds, such as that proposed for Takoma Park.
  - a. Do the projections submitted reflect this new reimbursement status? If not, please provide alternative projections that reflect this current reality.
  - b. Please provide the assumed payor mix for the special hospital-psychiatric and the actual per diem reimbursement rates by payor assumed for this facility. Provide these

Jack Morkan, Esq.  
Re: October 21, 2015 Revised Revenue and Expense Projections  
Adventist HealthCare, Inc.  
Docket Number 13-15-2349  
October 22, 2015  
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assumptions for both projected revenue and expense schedules (i.e., the one assuming Medicaid fee-for-service reimbursement at levels prior to loss of the IMD exclusion waiver and the schedule assuming Medicaid reimbursement at the levels available after the loss of the IMD exclusion waiver.

c. Please comment on the continued viability of the proposed special hospital-psychiatric and the overall project given this change in payment for Medicaid patients at IMDs.

In order to avoid further delay in review of this project, I am again requesting expeditious turnaround of a response to this request for additional information. I would like to receive it no later than close of business on Monday, October 26, 2015. I will provide additional time for interested party comments on this additional information when I have received it.

Sincerely,

A handwritten signature in black ink, appearing to read "Frances B. Phillips". The signature is fluid and cursive, with the first name "Frances" and last name "Phillips" clearly legible.

Frances B. Phillips  
Commissioner/Reviewer

cc: Ulder Tillman, M.D., Montgomery County Health Officer  
Paul E. Parker  
Kevin McDonald  
Joel Riklin  
Suellen Wideman, AAG  
Howard L. Sollins, Esquire  
John J. Eller, Esquire  
Kurt J. Fischer, Esquire  
Marta D. Harting, Esquire  
Thomas C. Dame, Esquire  
Ella R. Aiken, Esquire  
Susan C. Silber, Esquire  
Kenneth Sigman, Esquire  
Catherine S. Tunis, SOSCA President